

Exhibit 71

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Dealers get new management system option

Dominion-Microsoft product battles giants ADP, Reynolds

David Barkholz



Reed: Dedicated sales force

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The product, built on Microsoft's newest business and accounting platform, is the first significant new DMS offering in more than a decade. The venture was unveiled Sunday.

But the partnership faces a daunting challenge making inroads against Reynolds and ADP, which have rolled out new products in recent months and hold dealerships tight with long-term contracts.

DMS is the main operating software for dealerships, helping to manage everything from payroll and accounting to inventory and desking, which itemizes the costs of vehicle deals.

Microsoft, which provided the underlying Dynamics AX Windows-based software for the new product, independently tried to enter the DMS business around 2006. That development never took off, though, said David Graff, Microsoft director, U.S. manufacturing industry. "We kind of got ahead of ourselves," he said.

The new suite of software, called Dominion DMX, will host data off-site -- in the cloud -- which should save dealerships computer-maintenance money and hassle.

Dominion DMX will be priced similarly to products offered by ADP and Reynolds, said John Reed, vice president of Dominion DMS, a new Dominion unit.

ADP and Reynolds often charge more than \$5,000 monthly per store in service fees.

Reed, 47, is a former Microsoft director of automotive retail who participated in the company's canceled DMS program.

He said Dominion's new DMS will have its own dedicated sales force. Microsoft, which will receive user licensing fees from the partnership, also intends to show it at industry events and through other marketing channels, Graff said.

Dominion, with annual sales of more than \$100 million, has been a longtime vendor to dealers for Web sites, customer-retention software and digital marketing services. It sells to about 11,000 dealerships.

Dominion President Robert Berndt said, "We see this becoming one of our core products."

But the new product faces a battle against ADP and Reynolds, Berndt acknowledges.

ADP and Reynolds each hold about a 40 percent DMS share of the nation's nearly 18,000 new-vehicle dealers. Moreover, various small DMS vendors aggressively seek new customers, often with low prices, including DealerTrack, Auto/Mate Dealership Systems, AutoSoft Dealership Management System and Quorum Dealer Management Systems.

Switching DMS vendors disrupts operations as employees learn the new system, said Paul Gillrie, vice president of Paul Gillrie Institute, which helps dealers negotiate with software vendors.

"The learning curve is about nine months. That's when employees stop complaining about the new system," said Gillrie, who is based in Tampa, Fla.

Other barriers to entry include long dealer contracts of five years or more and the complexity required to integrate a vendor's software with auto manufacturers' computer systems, Gillrie said. That integration is needed for vehicle orders and for factories to track inventories, parts, incentives and other business dealings.

Gillrie added that DMS vendors are selling into a market that has shrunk from about 22,000 franchises to 18,000 today.

Dominion's Berndt said the new partnership expects a deliberate launch.

Dominion is piloting the system at a dealership in January, he said. And it will make a major promotional push of the new product at the National Automobile Dealers Association annual convention in Orlando in February.

Berndt said 2013 will be a ramp-up year with many more installations expected in 2014. He declined to predict how many dealers would buy the product over the next two years.

Dominion started working on a DMS with Microsoft about 18 months ago, said Morgan Wheaton, Microsoft dynamics director, global partners. The platform used for the DMS, Microsoft Dynamics AX, is a comprehensive suite of accounting, inventory and customer-retention tools. Dominion then customized the software for dealerships and supplemented it with functions such as desking, finance and insurance, service management and parts inventory.

Because the new DMS is built on a Microsoft platform, it will fit easily with other Microsoft products used at dealerships, including e-mail and linking phones with data bases, known as telephony, Berndt said.

The new system also will be enabled for mobile use, allowing salespeople and managers to access data from outside the store.

Dominion prepared for the Microsoft venture with the August 2011 acquisition of a small DMS vendor in Alabama, Automotive Computer Services.

The company, which was absorbed by Dominion, has 400 dealerships as customers, including 100 General Motors dealerships.

Reed said Automotive Computer Services gave Dominion the expertise to work with Microsoft -- it uses a Microsoft Windows format -- and it has integrations with virtually all auto manufacturers operating in the United States and Canada, except Volkswagen.

Dominion plans to continue offering to dealers the software of Automotive Computer Services, known as Dominion Access, even when Dominion DMX rolls out, Reed said.

Dominion Access, with fewer capabilities than Dominion DMX, costs much less at about \$1,500 to \$2,000 monthly per store in service fees. Reed said it still has a market among smaller stores and dealers looking for a basic system.

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